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**YOUNGSTOWN-WARREN REGIONAL AIRPORT
PROPOSAL UNDER THE
SMALL COMMUNITY AIR SERVICE
DEVELOPMENT PROGRAM
DOCKET OST- 2007-27370 -112**

Prepared for:
**U.S. Department of Transportation
Docket Operations and Media Management
Division**

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EXECUTIVE SUMMARY

The Youngstown-Warren Regional Airport (YNG) is pleased to submit a proposal to the U.S. Department of Transportation (USDOT) for a small community air service grant as part of the Small Community Air Service Development Program (SCASDP). The Youngstown-Warren Regional Airport is requesting a \$800,000 SCASDP grant to initiate a 50-90 seat regional jet service at YNG, by developing a revenue guarantee program to support the initial phase (first 12 months) of air service. This revenue guarantee program will be designed to attract non-stop air service to the hub of a major U.S. airline in the Midwest or Southern U.S., by minimizing the initial business risk that a carrier will face in entering a new market, rather than simply subsidizing air service that is unlikely to be self-sufficient. Thus, the revenue guarantee will be a short-term program tailored to launch the new regional jet service by mitigating the airline's initial risk.

A secondary goal to which any grant funds will be dedicated is the promotion of new regional jet service at YNG by developing awareness within the local community that YNG is again open for business once an air carrier agrees to serve the market. Inasmuch as YNG has lacked consistent scheduled air service since 2002, air-travelers within the community have changed their behavior during the past 5 years, relying on three other Ohio/Pennsylvania airports (Cleveland, Akron-Canton, and Pittsburgh) that are located within a 2-hour drive. The promotion of new jet service at YNG will be designed to change air-traveler behavior, by increasing awareness of the air service and highlighting its effectiveness, reliability, and staying power. The Youngstown-Warren Regional Airport plans to initiate a comprehensive marketing campaign to promote the air service through a number of different distribution channels, including television, radio, billboard, and internet advertising. This marketing and promotion effort will begin at least three months prior to the start of new air service and will continue throughout the first year of scheduled operations.

The Youngstown-Warren Regional Airport also represents a critical component to the comprehensive regional air transportation plan for the Mahoning Valley (Columbiana, Mahoning, and Trumbull Counties) as well as the Shenango Valley in western Pennsylvania (Lawrence and Mercer Counties). Re-introduction of scheduled air service at YNG will stabilize as well as add value to YNG's current leisure market air service, which through a former SCASDP grant allowed YNG to secure its first but much needed scheduled air services back to the community. Continued development of the air-travel markets is essential to the stability and growth of YNG's position in the region and the posturing with similar U.S. air-travel markets overall.

The Youngstown-Warren Regional Airport has outlined its strategic plan to bring regional jet service to YNG in the pages that follow, as well as defining the public/private partnership that has developed to carry out and support this plan. The partnership of committed local organizations supporting the plan demonstrates a clear, achievable approach to attract effective

air service to YNG, should it receive this grant. The SCASDP is a great opportunity for a community like the Youngstown Warren area. The Youngstown-Warren Regional Airport looks forward to being seriously considered for a grant by the USDOT, so that air service development efforts in our region can move forward more rapidly.

PUBLIC/PRIVATE PARTNERSHIP

FLY YNG is a public/private coalition created to reestablish commercial air service at the Youngstown-Warren Regional Airport (Airport). *FLY YNG*, spearheaded by the Western Reserve Port Authority (Port Authority), is a joint effort between the Port Authority, the Youngstown-Warren Regional Airport, Mahoning and Trumbull Counties, the Youngstown/Warren Regional Chamber, and the Mahoning Convention Visitor Bureau and Trumbull County Tourism Bureau. *FLY YNG* has since attracted private sector individuals and businesses within the Youngstown Warren area to support its efforts.

Within the Coalition, the Youngstown-Warren Regional Airport will act as the lead sponsor for this grant. The Coalition, through its corporate members, strongly supports this air service initiative. Recognizing that commercial air service represents critical local and competitive transportation means to area businesses, the Coalition's membership has vested a civic desire for the resumption of commercial air service at the Airport.

Understanding that commercial air service plays an important role in providing access for business and leisure passengers and in providing great support for communities, businesses, organizations, and institutions, *FLY YNG's* current primary goals focus on 1) assisting the Airport in attracting a carrier that will offer flights on 50-90 passenger jets to major airports in cities such as Chicago, Columbus, Charlotte, or Cincinnati and 2) supporting such carriers by creating public awareness in that the Airport is a major asset to the Youngstown Warren region and area residents should support carrier operations at the Airport.

FLY YNG has been successful in soliciting and receiving pledges of hard and soft dollar support which allows the Airport to provide incentives to attract air service to the Airport, such as a revenue guarantee program, which will allow a carrier to minimize its initial business risk that it would face upon entering a new market, and various in-kind services, such as marketing and promotions.

Through *FLY YNG's* efforts, the Airport attracted Allegiant Air (based in Las Vegas) in 2006 to provide regularly scheduled flights to Orlando, Florida. Allegiant Air has enjoyed over 93% average load factor for its flights in the 1st Quarter of 2007 as a result of an extensive marketing program by *FLY YNG*. In addition, leisure-chartered flights have increased 125% in the last 6 months over the previous 6-month period.

Finally, Mahoning and Trumbull Counties (the Counties) are strong partners with the Airport in its continued efforts to develop commercial air service at the Airport. During the past 4 years, the Counties have collaborated with the Airport, working aggressively to recruit commercial airlines to *YNG*. The Counties along with the Airport have all invested significant financial and human resources to analyze the local air service market, educate airlines regarding the region,

promote, and market the Airport as a viable facility for commercial airline service. The Counties and the Airport maintain a committed partnership and believe the SCASDP is a great opportunity to help further air service development efforts at the Airport.

If awarded this grant, *FLY YNG* will contribute to the overall efforts of reintroducing daily commercial air service to the Airport at varying levels. Roles and responsibilities will include:

- **Youngstown-Warren Regional Airport** – acting as legal sponsor; implementing the grant; contributing hard dollars toward the revenue guarantee program; making direct cost concessions and abatements to promote and advertise new service within the local region; Counties of Trumbull and Mahoning, and submitting required reports to the USDOT.
- **Counties of Trumbull and Mahoning** – contributing hard dollars toward the revenue guarantee program; making soft contributions to promote and advertise new service within the local region.
- **Youngstown/Warren Regional Chamber** - represents major business and industrial interests within the local region. It will contribute in-kind promotional and marketing assistance, including staff time and the provision of membership lists and local market research to new entrant airlines.
- **Western Reserve Port Authority** – The Port Authority's overall mission is to assure that the region maintains and sustains economic programs to attract, retain, and expand commerce and trade within the region. The Port Authority will contribute hard dollars, in-kind promotional and marketing assistance, including staff time and the provision of membership lists and local market research to new entrant airlines.

YOUNGSTOWN WARREN AIR SERVICE MARKET

Northeast Ohio/Mahoning Valley

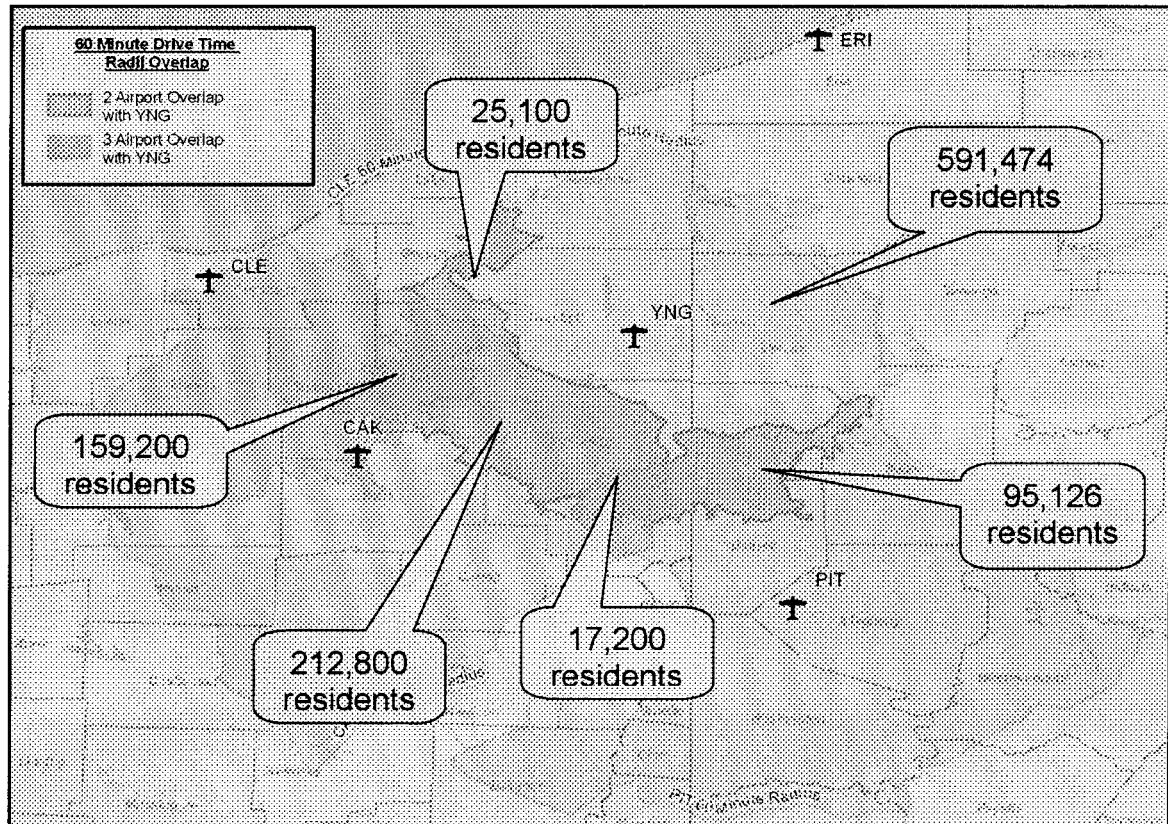
The Youngstown-Warren Regional Airport (YNG) is located approximately 67 miles southeast of Cleveland and 65 miles northwest of Pittsburgh. The Mahoning Valley region encompasses Mahoning, Trumbull, Ashtabula, and Columbiana counties in Ohio and borders the Western Pennsylvania communities of Mercer and Lawrence Counties. YNG's primary service area includes the two largest cities in the region, Youngstown and Warren, as well as a multitude of smaller towns.

Northeast Ohio Market Area and Youngstown-Warren Regional Airport

The core market area is comprised of Mahoning and Trumbull Counties in Ohio and Mercer County in Pennsylvania. The population of these counties is unique to YNG and its air marketing area, consisting of 591,474 people. Additionally, road networks overlaid with socio-economic data further redefines and reasonably extends our catchment market area, thus incorporating an additional population of 509,426, providing an aggregate YNG air marketing area of over 1.1 million¹ people (within a 60 minute drive). Coupling these numbers with a trend of high-income population¹ moving into closer proximity of YNG from Cleveland and Pittsburgh, provides additional opportunity for success of a new air carrier service at YNG.

¹ Landum & Brown, YNG Master Plan, "The Planning Team"

Aggregate YNG Air Marketing Area



Landum & Brown, YNG Master Plan, "The Planning Team"

- 1.1 million people reside within 60-minute drive of YNG
- Over half of residents within YNG 60-minute catchment area unique to YNG
- Majority of remaining YNG 60-minute catchment area shared with YNG and one other airport
- Favorable socio-economic trends in many counties surrounding YNG.

Youngstown-Warren Regional Airport

YNG has lacked consistent commercial air service since 2002 when Northwest Airline, providing 2-daily flights to a Akron/Canton Airport (CAK), ceased operations due to lack of interest. The preceding year saw US Airways exit from YNG and 2 years prior to US Airways' exit, United Airline ceased operations. In all these instances, the air service provided was consistently inferior to those offered by surrounding area airports of CLE, PIT and CAK; all within a 2-hour drive of YNG.

All air services previously provided were deficient in attributes necessary to sustain growth which promoted leakage to other airports. Each to some great degree lacked the following – low-cost/competitive fares, sufficient frequency of flights (3 or more per day), modern aircraft (only turbo props), marketing of local air service, destinations other than to nearby airports. Without competitive product and virtually little to no marketing to the local community, these flights represented a less than attractive alternative to most local air-travelers, which resulted in low passenger turnout.

In 2002, Kiehl-Hendrickson Group was contracted to perform a Leakage Study. In its model, YNG retained only (approximately 21,000) 2% of its local passengers of a total annual ticketed of 1,054,850. Clearly, these numbers provide evidence that inferior products predominated and also demonstrates that given a superior product, an air carrier will most likely succeed, as air-travelers will travel to utilize a better service.

Nonstop Daily Departures by Carrier at Youngstown-Warren Regional Airport

In April of 2004 and in testament to the conviction of the community and various agencies, a venture with Vacation Express began, providing non-stop flights for YNG to Orlando and Myrtle Beach leisure destinations. The community invested over \$400,000 toward this endeavor and although the load factors were high out of YNG to these destinations, the airline overextended its resources and ceased services after only 6 months; in September 2004.

In the interim of 2004, the Airport applied for a SCASD grant of \$250,000 for marketing and attracting additional leisure carrier services. YNG was awarded a grant for this purpose and successfully attracted the services of Allegiant Air based in Las Vegas. Initial flights to Orlando-Sanford Airport began in May of 2006 and to date, with load factors over 95% reported in March of 2007, are continuing strong load factors despite competitive pricing by competing airports' (CLE, PIT) airline ticket pricing.

Two issues of vital importance need addressed at this point—One; in February of 2007, this initial grant expired and it is expected that an official letter of termination will be issued well in advance of the 2007 grant awards and acceptance. Two; although Allegiant Air is immensely important to the community and YNG, it is even more fundamentally critical to sustain their

presence by broadening the breadth of services at YNG. Allegiant Air is strictly origination and destination (O & D) oriented, providing a destination track only to Orlando/Sanford, St. Petersburg/Tampa and Las Vegas to and from selected originating airports. Although Allegiant Air is very successfully providing services to these destinations, there are no interconnecting tracks to the 40 plus cities in their systems nor are there currently any code shares with other US carriers.

Critical to the community is expanding air services to incorporate the business air-traveler segment of our market. This connectivity will not only enhance both the services provided by Allegiant Air and YNG but will also vastly improve the viability of a new carrier entering our air-traveler market. Discussions with Allegiant Air verify this as instrumental to their longevity at YNG. Basically, the more exposure provided by positive factors such as a new carrier entering our market will exponentially benefit other services currently provided. Thus the investment and proven success generated to date vindicates further vesting into an even more aggressive undertaking to achieve greater results.

Estimate Of The YNG Air-Travel Market

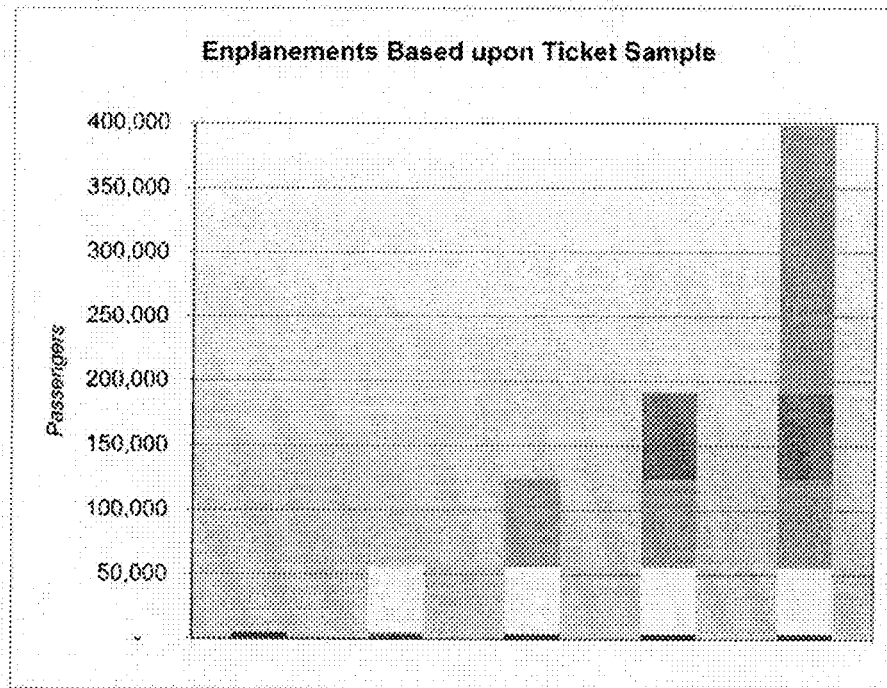
Analysis One - Aggregate Region Air-Travel Demand

The first and second methodology was performed in 2002, when the Youngstown-Warren Regional Airport engaged the Kiehl-Henderickson Group² (KHG) to conduct a leakage analysis. The data collected was at a time when YNG still had daily air service carriers (Northwest and US Airways), however, these carriers provided competitively sub par, pricing, frequency of departures, aircraft type, and virtually no advertising at the time of assimilation of data, thereby the trend of data collected was skewed by effects of these deficiencies. As such, this data only merit a conservative estimate gauge of YNG market size.

For the first methodology, KHG contacted 87 area travel agencies for the purpose of collecting data for this analysis. A total of 6,793 air-travel tickets were sampled. The information lifted from each ticket included origin airport, destination airport, fare, fare base code, airline of initial segment, date of travel and date of return. This information was factored and adjusted to reflect an annual forecast of 398,462 enplanement potential for the YNG market.

² KHG YWRAP Leakage Analysis

Methodology #1: Ticket Sample Build-Up



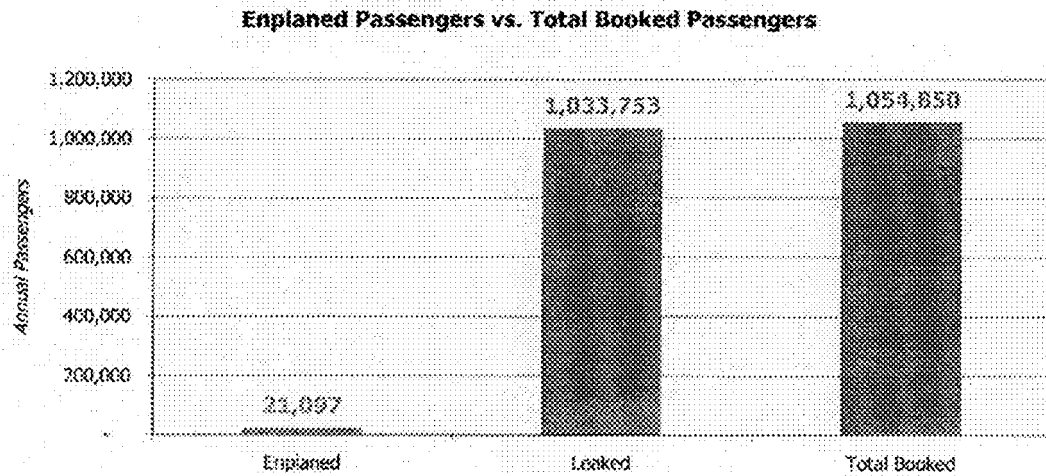
4,662	1-Month Outbound Ticket Sample (Oct 00)
x	12
55,944	Annual Outbound Tickets assuming October is an average booking month
124,320	Annual Outbound Tickets assuming 45% of travel agency tickets were sampled
191,362	Annual Outbound Tickets assuming 65% of tickets are issued by travel agencies (35% via alternate means)
395,462	Annual Enplanements based upon 45% of YNG travel is outbound*

*D.O.T. 10% Coupon Sample (YE3Q00)

KHG YWRAP Leakage Analysis

The second methodology utilized the same database as methodology one. From the information lifted from the above-mentioned tickets it was determined that a retention rate of 2% of all tickets sold enplaned at YNG. The total number of area passengers estimated from this methodology is 1,054,850.

Methodology #2: Enplanement Potential



KHG YWRAP Leakage Analysis

The third and final methodology calculates an average trip propensity for Northeast Ohio and Southwest Pennsylvania region, using domestic O & D passenger statistics from the USDOT³ and the total population for this region, and then applies that propensity ratio to the population of the YNG air service region. During 2006, the average trip propensity for Northeast Ohio and Southwest Pennsylvania was 1.39 (1.54 for the U.S.)⁴. When applied to the YNG air service region, this propensity rate suggests 822,148 in YNG core market and 1,530,251 in the YNG aggregate air marketing area (within 60 minute drive).

Methodology #3: Average Trip Propensity

Market Area	2005 Population	Northeast OH & Southwest PA Region Propensity to Travel Avg.	Total Trips (Avg.)
<u>Core Market</u>			
Northeast Ohio and Southwest Pennsylvania Region	591,474	1.39	822,148
<u>Extended Market</u>			
Within A 60-Minute Drive	509,426	1.39	708,103
Aggregate YNG Air Service Region	1,100,900	1.39	1,530,251

³ USDOT, Air Passenger Origin-Destination Survey; Woods & Poole Economics, Inc.

⁴ Prepared by Landrum & Brown, Inc.

As methodologies one and two are estimates derived during a period least favorable to test propensities for the YNG area, they have only been included as an overall gauge for comparative purposes. For this proposal purpose and to use more conservative data for presentation, methodology three, where only the YNG core air market area (and not the aggregate air marketing area) of 822,148 will be used for passenger air-travel forecasting. The propensity to fly factor of Northeast Ohio and Southwest Pennsylvania appear to also imply current socio-economic values into the equation.

Analysis 2 - Business Air-Travel Demand

The Western Reserve Port Authority conducted an air-travel business survey (YNG 2007 Business Air-Travel Survey) to gain an understanding of the air-travel tendencies of businesses in the Youngstown Warren area. The Youngstown/Warren Regional Chamber made available a listing of its members, representing 2,778 businesses and approximately 97,608 employees, within the Youngstown Warren area. This listing provided the population for the survey. Surveys were distributed to 585 businesses of random size and industry, representing a sample of 21% of the population. 227 surveys were responded to of the 585 surveys distributed, representing a 39% response rate of the sample.

Certain issues and their corresponding responses were excerpted from the survey results for the purposes of this analysis. Included in the survey were requests for opinions on the below-mentioned points of focus based on the following assumptions:

Assuming YNG expanded its commercial air service and also assuming the following:

- 3 – 5 daily flights connecting to one or more airport hubs
- 50 –150 passenger jet service
- The airport hubs will provide connecting flights to all major US airports
- Competitive price fares

Air-Travel Ticket Purchases

The survey asked participants to respond to “what were the approximate number of airline tickets purchased by your company in 2006”. The total of all responses was 6,089. The survey asked participants to respond to “what is the estimated number of roundtrip air-travel tickets your company will purchase annually if able to fly from YNG”. The total of all responses was 3,848. Therefore, area businesses responding estimate that approximately 63% of their company’s airline tickets would be purchased to fly from YNG. Furthermore, by extrapolating the estimated number of roundtrip air-travel tickets that area businesses responding will purchase annually if able to fly from YNG to the total population sampled for the survey, it is estimated that the total population sampled will purchase 47,901 tickets annually to fly from YNG.

227	Businesses Responding to Survey
÷ 2,778	Total Population Sampled
<u>.0817</u>	Response Factor
3,848	Respondents Estimate of YNG Annual Ticket Purchases
÷ .0817	Response Factor
<u>47,901</u>	Estimate of Total Population Sampled YNG Annual Ticket Purchases

Please note that for the purposes of this survey that the total population sampled only represents Youngstown Warren area businesses that are members of the Youngstown/Warren Regional Chamber and does not consider all businesses and organizations in the Youngstown Warren area. Therefore, these estimates are very conservative since the total population sampled represents only 2,778 businesses and approximately 97,608 employees within the Youngstown Warren area, which is approximately 20% of the businesses (labor force) within the Youngstown Warren area (2000 U.S. Census Bureau Demographic Profile Reports). If it is estimated that the total population sampled will purchase 47,901 tickets annually to fly from YNG then it may be factored that the aggregate of businesses (labor force) within the Youngstown Warren area will purchase 239,505 tickets annually to fly from YNG.

47,901	Estimate of Total Population Sampled YNG Annual Ticket Purchases
÷ .20	20% Sample vs. Aggregate Factor
<u>239,505</u>	Estimate of Aggregate Businesses YNG Annual Ticket Purchases

Air-Travel Expenditures

The survey asked participants to respond to "what is the estimated minimum and maximum air-travel dollars your company will spend annually to fly from YNG". 132 (58%) of the respondents provided amounts to this issue. The total estimated minimum air-travel dollars of all responses was \$920,400 and the total maximum air-travel dollars of all responses was \$1,068,900. Furthermore, by extrapolating the estimated minimum and maximum amounts of air-travel dollars that area businesses responding will spend annually if able to fly from YNG to the total population sampled for the survey, it is reasonable to estimate that the total population sampled will expend a minimum air-travel dollars of \$11,263,750 and a maximum air-travel dollars of \$13,081,076 annually to fly from YNG.

227	Businesses Responding to Survey
÷ 2,778	Total Population Sampled
<u>.0817</u>	Response Factor
 \$920,400	 Respondents Estimate of Minimum YNG Annual Air-Travel Expenditures
÷ .0817	Response Factor
<u>\$11,263,750</u>	Estimate of Total Population Sampled Minimum YNG Annual Air-Travel Expenditures
 \$1,068,900	 Respondents Estimate of Maximum YNG Annual Air-Travel Expenditures
÷ .0817	Response Factor
<u>\$13,081,076</u>	Estimate of Total Population Sampled Maximum YNG Annual Air-Travel Expenditures

Please, again note, for the purposes of this survey that the total population sampled only represents Youngstown Warren area businesses that are members of the Youngstown/Warren Regional Chamber and does not consider all businesses and organizations in the Youngstown Warren area. Therefore, these estimates are very conservative since the total population sampled represents only 2,778 businesses and approximately 97,608 employees within the Youngstown Warren area, which is approximately 20% of the labor force within the Youngstown Warren area (2000 U.S. Census Bureau Demographic Profile Reports).

Air-Travel Increase

The survey asked participants to respond to "would your company's air-travel increase if YNG offered services to meet your air-travel needs". 99 (44%) of the respondents stated that their company's air-travel would increase; 94 (41%) of the respondents stated that their company's air-travel would not increase; and 34 (15%) were unsure.

Of those respondents who stated that their company's air-travel would increase, the survey asked them to respond to "by approximately what amount would your company's air-travel increase". The average of the respondents' stated increase was 34%.

Therefore, based upon 44% of the respondents stating that their company's air-travel would increase by an average of 34%, it is reasonable to estimate that business air-travel in the Youngstown Warren area as a whole will increase by 15% (44% x 34%) if YNG offered services to meet area business air-travelers' needs.

Air-Travel Arrangement Factors

The survey provided a list of 8 popular factors that are considered in air-travel arrangements and asked participants to "rank in order of importance (with #1 being the most important), the top considerations of your Company's air-travel arrangement decisions". The respondents' 1st and 2nd most important factors, the number of responses to each, and the percentages of total responses to each follow:

Most Important Factor	Percentage
Ticket pricing	53%
Number of daily flights	19%
Drive time to airport	13%
Other (Less than 20 responses@)	15%

2nd Most Important Factor	Percentage
Drive time to airport	24%
Number of daily flights	23%
Ease of check-in	17%
Ticket pricing	14%
Other (Less than 20 responses@)	22%

Airport Hub Destinations

The survey asked participants to respond to "which airport hubs would your company employees prefer to fly to most often, if you could fly from YNG, and rank in order of estimated frequency (with #1 being the most frequent)". The respondents' most preferred airport, the number of responses, and the percentages of total responses follow:

Airport Hub	Percentage
Chicago (ORD)	34%
Charlotte (CLT)	21%
Cincinnati (CVG)	13%
Columbus (CMH)	13%
Other (Less than 10 responses@)	19%

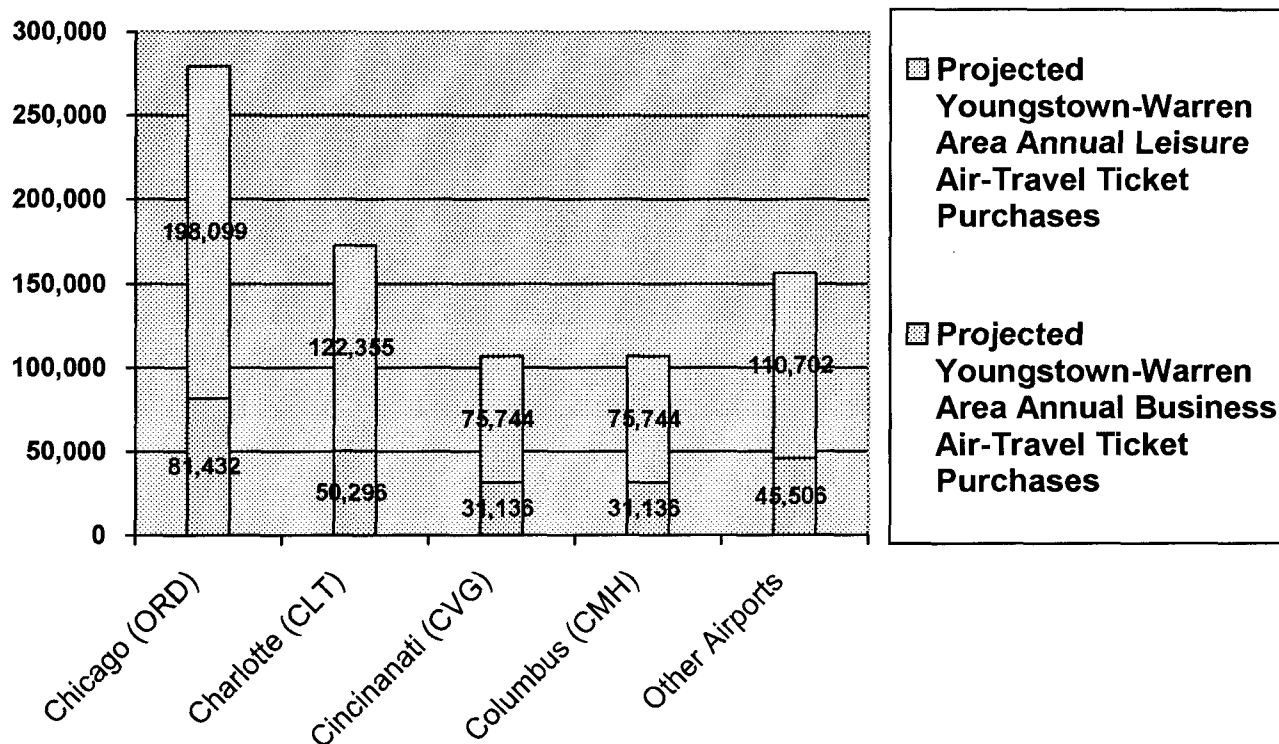
Therefore, these responses provide further support in the determination to seek commercial air service to airport hubs in Chicago (ORD), Charlotte (CLT), Cincinnati (CVG), and Columbus (CMH).

In summary, the results of this business air-travel demand analysis provides support that because of anticipated time and money savings, that businesses in the Youngstown Warren area have indicated strong support for frequent daily non-stop air service at YNG to a large connecting hub on 50-150 passenger regional jets.

Additionally, this air-travel business survey reflects a generally higher proportionate share of YNG core air market segment booking as business air-travelers. This is representative of

several factors, not the least of which is the area's socio-economic characteristics which by comparison lags average U.S. trends.

This can be considered as a beneficial attribute for prospective air carriers as the YNG core business air-travel segment is significant enough to more than support new carrier service. The business traveler is generally the preferred customer to airlines as this segment also purchases a significant percent of its tickets at a full Y (fully refundable) fare level – the highest economy class fare level and because of their discretionary fare behavior and last-minute buying characteristics.



Focus- YNG Business Air-Travel Market

The primary focus of this proposal is to help defray initial start up costs through a revenue guarantee by reinstating daily scheduled commercial air service to YNG. Connecting regional jet service on a U.S. airline will augment the ongoing air service development efforts made on behalf of YNG during the past few years. Critical to the initial and continued success of this proposal is the establishing of business air-travel. If YNG were able to retain a majority of the business traffic it could carve out a niche in the core air-travel and cater to these passengers who typically pay higher fares for a variety of reasons (highly desirable for a new entrant carrier).

Although business air-travel is an inclusive and integral part of the derived air-travel propensity totals, the FLY YNG coalition and the Port Authority committed a separate study through survey, to define its core business air-travel market for this proposal and future prospective US air carriers interested in our market.

Business Air-Travel Study - Survey

One of the keys to successful reintroduction of air service at YNG is the attraction of the right regional airline to provide effective service at the airport. Three or more daily jet departures by a regional carrier that maintains a code share partnership with a major airline would be considered as ideal. YNG is within 500 air miles of a number of strong hub carrier markets including Chicago, Cincinnati, Columbus and Charlotte.

The YNG market area will be most effectively served by a regional code share partner (e.g., US Airways Express, American Eagle, United Express, Delta Connection, etc.) flying to a large U.S. hub for three reasons: (1) the strong local market demand that exists between YNG and a hub market can be stimulated and developed by non-stop service; (2) connecting opportunities on a major airline to beyond-hub markets will be substantial, further supporting demand for the service; and (3) frequent flier programs are important and will appeal to all travel segments.

It is critical that the proposed revenue guarantee program be structured to attract a strong regional carrier offering service to a large hub carrier market so that YNG has the best chance of successfully re-launching commercial service to the region.

Regional Code Share Partner Of Major Airline

A major hub carrier's regional code share partner on 50-seat regional jet aircraft will serve the YNG market most effectively, as this will offer the most effective air service for the market. An effective service level provides a number of daily nonstop frequencies to a large hub market and also offers numerous one-stop connection opportunities. Non-stop and one-stop service will benefit the greatest number of passengers – both leisure and business - in the YNG area. In addition, a strong code share has other benefits including frequent flyer programs, seamless connections with respect to baggage transfer, ticketing and other customer service coordination. Should a passenger miss a connection at the hub of the major airline partner, it should not be too difficult for him or her to be re-routed to his or her final destination.

Should YNG be awarded revenue guarantee service it would focus its initial activities on recruiting an airline to operate 3-5 daily regional jet round-trip flights to/from YNG. Airlines all express concern with the market currently and competitive risks attendant to being the first airline to enter into a market, *particularly* a market without daily air service. A revenue guarantee

agreement would lessen the initial market entry risk for a carrier, and mitigate competitive risk of facing a competitor at YNG soon after start-up. Federal grant funds would be used exclusively to ensure an airline's operating losses and ensure profitability in the market. If, however, the service is profitable on its own, the revenue guarantee money will not be used. Moreover, soft and hard dollar advertising and promotional commitments would provide the first airline at YNG with comparative advantages in public awareness and brand recognition among the local traveling public.

STRATEGIC PLAN

Specific Goals

The specific goals of the *FLY YNG* coalition include the following:

- To attract a major airline's regional carrier affiliate to provide 50-90 seat regional jet service to a connecting hub market within a 1,000-mile radius of *YNG*.
- To develop and implement an advertising and promotion campaign for the new service to last over the three-year period.

It is estimated that it could take approximately six months to structure a revenue guarantee agreement with a U.S. carrier. Within several months of receiving a SCASDP grant, the *FLY YNG* coalition will schedule meetings with target carriers and enter into discussions and negotiations for revenue guarantee agreements at *YNG*. Realistically, the most optimistic date for re-launching service at *YNG* would be during the late spring or early summer of 2008. Summer is a peak air-travel season in most markets; thus, offering service during this peak period would be vital to a successful resumption of service.

The estimated cost for this proposal is \$1,850,000 to initiate and develop 50-90 seat regional jet service over a three-year time period. By using Conklin & deDecker's published Aircraft Cost Evaluator Program coupled with published regional fare comparisons, derived load factors from surveys and studies reviewed earlier, and a conservative return on investment for prospective air carriers, were applied to estimate the following table, which summarizes our analysis.

Abbreviated Pro Forma of Possible Carrier Revenue Support Over First Three Years Pro Forma reflects 3 Daily Round Trip/Nonstop Flights to CHI Utilizing Regional Jet Service			
	Est Yr 1	Est Yr 2	Est Yr 3
Onboard Passengers	50,494	56,610	61,426
Load Factor	68%	72%	75%
PAX Revenue	\$ 9,653,280	\$ 10,221,120	\$ 10,647,000
less			
Operating Costs	\$ 9,801,569	\$ 9,880,010	\$ 9,939,299
Operating Profit/(Loss)	\$ (148,289)	\$ 341,110	\$ 707,701
Operating Margin	-1.5%	3.3%	6.6%
Required Carrier Profit at 5% of Op. Exp.	\$ 490,078	\$ 494,001	\$ 496,965
Required Support	\$ (638,367)	\$ (152,891)	none

The analysis determined a contribution of \$791,258 and by the end of the second year would be self-sustaining. Of course these subsidies would only be needed were deficiencies to occur.

To support the launch of renewed commercial air service, the *FLY YNG* coalition will launch a comprehensive marketing and advertising campaign to promote and advertise the airline and its services at YNG. The campaign will begin three months prior to the introduction of the new service. Below is a projected timeframe and schedule of planned major tasks that will be completed, should *FLY YNG* receive a federal grant.

Revenue Guarantee Program Tasks	2007	2008					2009		2010	
	Oct-Dec	Jan-Feb	March	April	May	June-Dec	1st Half	2nd Half	1st Half	2nd Half
Negotiate a Revenue Guarantee with Carrier										
Dev. Marketing Campaign/Promote Service										
Advertising										
Expected Introduction of Air Service										
Monitor Perf/Research/Qtrly Meetings										

The campaign will include a number of various activities, including television, radio, billboard, print and internet advertising. *FLY YNG* coalition members will also leverage their various membership lists and databases for direct mail, email, and fax promotional efforts. Community leaders will promote the service throughout the region, taking advantage of monthly meetings held by the respective agencies.

A list summarizing planned marketing and advertising activity is found in the section that follows. Once the FLY YNG coalition secures an airline commitment for a revenue guarantee, a full-fledged strategic marketing and advertising campaign will commence.

Multimedia Marketing And Promotional Campaign

This campaign will include use of multiple mediums, including, but not limited to: television, print, radio, billboard, internet advertising; and public and media relations outreach efforts. All activities will be aimed toward building awareness of YNG's new commercial service. Although a specific media plan has not yet been formalized, the general plan includes these activities:

- **Print** - advertisements will be written and produced for local publications emphasizing the convenience and time savings associated with using nonstop service at YNG, and highlighting new service introductions and fare promotions. The overall objectives will be to build and expand airport awareness. Select publications will include local newspapers.
- **Television** – spots will be developed to expand awareness of new YNG service throughout Northeast Ohio and Western Pennsylvania. Through ads placed on the local major network affiliates, as well as local cable channels, FLY YNG will increase awareness of YNG service within the region.
- **Radio** – spots will be run throughout YNG core air marketing area to support print and television messages.
- **Outdoor Advertising** –Freeway billboards will convey the message of the convenience of YNG service and the time and money savings associated with flying from YNG to those travelers using freeways that connect YNG to other area airports.
- **Direct Mail** – Mailings will promote YNG service among the region's largest employers and generators of local business travel, the retention of which at YNG is so critical to successful commercial air service at the airport.
- **Public and Media Relations (Press Releases, News Articles, etc.)** – will highlight new service, fare promotions, airline code share partnerships, and other positive information regarding air service.

Measurable marketing and advertising milestones will include monthly monitoring of enplanement levels and passenger traffic growth and average load factor performance by carrier (compared to the airlines system-wide average); monthly phone calls with carriers, requesting information regarding route profitability; and regular analysis of advanced passenger bookings. In addition, operational data, including flight cancellations and on-time performance, will also be evaluated and compared to industry statistics from the USDOT. Finally, follow up survey efforts to measure the effectiveness of the marketing campaign and the response to new service will be conducted periodically.

REQUEST FOR FEDERAL FUNDS

Local Support

The Western Reserve Port Authority pledges to contribute a direct cash amount of \$300,000. In addition, Mahoning and Trumbull Counties are providing another \$25,000 each for a total of \$50,000. All of which will be used to flank and fund the marketing program supporting a revenue guarantee agreement.

In all, over \$1 million (a million dollars) will be used to directly market the core YNG air market area in a collaborative and focused effort to create and maintain awareness and interest in support of this new air service program.

Federal Request

The Youngstown-Warren Regional Airport is requesting \$800,000 from the USDOT to support a revenue guarantee program structured to attract 50-seat RJ service by a regional airline.

Should this proposal successfully secure a SCASD grant for a revenue guarantee program and a carrier initiates service in the market that does not develop into self-sustaining service, the *FLY YNG* Coalition will undertake efforts to generate the additional financial and promotional support necessary to maintain the revenue guarantee program and expand advertising efforts. *FLY YNG* will also continue to monitor carrier performance and undertake passenger surveys and additional financial and promotional support necessary to maintain the revenue guarantee program and expand advertising efforts. *FLY YNG* will also continue to monitor carrier performance and undertake passenger surveys and additional research to increase its understanding of passenger behavior. From this research, the coalition will derive ideas regarding possible airport services and amenities that could improve the overall air-travel experience at YNG. Of course, and as needed, any feedback will be shared with the air carrier to take advantage of all opportunities.

Sponsoring Agency Responsibility

The Youngstown-Warren Regional Airport, as the legal sponsor of this grant, will be responsible for the overall administration of this program. The Airport will provide progress reports required by the USDOT, and will summarize the relevant accounting information regarding expanded funds. These periodic reports will also include a progress report regarding the new entrant airline's operational performance and the effectiveness of the local marketing and advertising campaign.

FLY YNG - A Vision Thing

The Youngstown-Warren Regional Airport and the community are focused and committed toward solidifying and re-establishing, then sustaining a much needed and critical aspect of

transportation. Over the last 20 plus years, since deregulation, air carrier service at *YNG* withered and became non-existent. It is our conviction that this current state of events were derived as a result of sub par air service product which, in turn, the spiraling continued its downward trend until all services ceased.

In summary, should *YNG* be awarded this grant, the coalition will regularly monitor airline performance at *YNG*, as well as ongoing measurements of the effectiveness of our advertising efforts. Today, with the current and favorable results being experienced by Allegiant Air and our community, along with the knowledge of the potential *YNG* has in reentering non-stop daily services to a near but distant hub, the community and its business leaders are extremely excited about the future of the Youngstown-Warren Regional Airport. In the end, all federal grant funds received by *FLY YNG* under the SCASDP program will be spent carefully and efficiently, with an eye toward generating maximum benefit for the traveling public of Northeast Ohio and Southwestern Pennsylvania who will all benefit from the re-established airline service at their local airport.



April 27, 2007

Secretary Mary E. Peters
Secretary of Transportation
Dockets Operation and Media Management
M-30, Room PL-401
U.S. Department of Transportation
400 7th Street, SW, Room 6401
Washington, DC 20590

**Subject: Youngstown-Warren Regional Airport -- Grant Application
Small Community Air Service Development Grant Application
Docket OST-2007-27370**

Dear Secretary Peters:

The Youngstown-Warren Regional Airport, Mahoning County, Trumbull County, the Youngstown Warren Regional Chamber, the Western Reserve Port Authority, and a number of additional public and private sector partners, respectfully submit a proposal seeking a federal grant of \$800,000 under the Small Community Air Service Development Program.

This grant, in combination with an additional \$400,000 in cash contributions and \$650,000 in "soft dollar" contributions (e.g., television, radio, internet and billboard advertising; airport terminal rent abatements; etc.), will be used to fund a revenue guarantee program designed to reinstate scheduled commercial air service at the Youngstown-Warren Regional Airport.

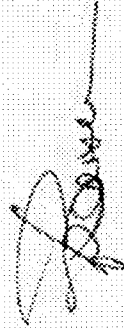
The Revenue guarantee program will target connecting regional jet service on a major U.S. airline operating a large hub in the Midwest or Southern U.S.. The revenue guarantee program will augment the ongoing air service development efforts made on behalf of the Youngstown-Warren Regional Airport during the past few years. The Youngstown-Warren Regional Airport, Mahoning and Trumbull Counties, the Mahoning County Convention and Visitors Bureau, the Trumbull County Tourism Bureau, the Youngstown Warren Regional Chamber, the Western Reserve Port Authority, and other private sector organizations have jointly invested approximately \$1,050,000 in this effort during this period, in an attempt to initiate daily scheduled commercial air service by a major airline for the first time since 2002.

Although located within 70 miles of Canton-Akron Airport (CAK), within 80 miles of Pittsburgh International Airport (PIT), and within 90 miles of Cleveland Hopkins International Airport (CLE), the air service region surrounding the Youngstown-Warren Regional Airport is a distinct market for several reasons including that it is a region with a substantial population of 591,474 and a population of over 1.1 million within a 60 minute drive. This market in itself is large enough to support daily scheduled commercial air service by a major airline.

Reestablishing daily scheduled commercial air service at the Youngstown-Warren Regional Airport will benefit the community's consumers, businesses, and the environment by providing convenient, fare-competitive service, many miles and several hours closer to home and work.

We appreciate your positive consideration of this proposal for a Small Community Air Service Development Program grant for the Youngstown-Warren Regional Airport.

Sincerely,



Steve Bowser, C.M.
Director of Aviation
Youngstown-Warren Regional Airport

**SMALL COMMUNITY AIR SERVICE DEVELOPMENT PROGRAM
DOCKET OST-2007-27370**

SUMMARY INFORMATION

All applicants must submit this information along with their proposal. In addition, applicants must also fill out form SF424 on <http://www.grants.gov>. (See Appendix C for the SF424 filing process)

A. APPLICANT INFORMATION: (CHECK ALL THAT APPLY)

☐ Not a Consortium ☐ Interstate Consortium ☒ Intrastate Consortium

☐ Community now receives EAS subsidy

☒ Community (or Consortium member) previously received a Small Community Grant

If previous recipient, expiration date of grant: February 2007

B. PUBLIC PRIVATE PARTNERSHIPS: (LIST ORGANIZATION NAMES)

Public

1. Mahoning County Commissioners
2. Trumbull County Commissioners
3. Western Reserve Port Authority
4. Trumbull County Tourism Bureau
5. Mahoning County Convention & Visitor Bureau

Private

1. Trumbull 100
2. Clear Channel Radio
3. Regional Chamber of Commerce
4. Winner Aviation Corporation
5. PIA

C. PROJECT PROPOSAL (CHECK ALL THAT APPLY)

- | | | |
|--------------------------------------|---|---|
| <input type="checkbox"/> Marketing | <input type="checkbox"/> Upgrade Aircraft | <input checked="" type="checkbox"/> New Route |
| <input type="checkbox"/> Personnel | <input checked="" type="checkbox"/> Increase Frequency | <input type="checkbox"/> Low Fare Service |
| <input type="checkbox"/> Travel Bank | <input checked="" type="checkbox"/> Service Restoration | <input type="checkbox"/> Subsidy |

- | | | |
|---|--|---|
| <input type="checkbox"/> Surface Transportation | <input type="checkbox"/> Regional Service | <input checked="" type="checkbox"/> Other (specify) |
| <input checked="" type="checkbox"/> Revenue Guarantee | <input type="checkbox"/> Launch New Carrier | <u>Revenue Guarantee</u> |
| <input type="checkbox"/> Start Up Cost Offset | <input type="checkbox"/> First Service | <u>for Regional Jet</u> |
| <input type="checkbox"/> Study | <input type="checkbox"/> Secure Additional Carrier | <u>Service</u> |

D. EXISTING LANDING AT LOCAL AIRPORT:

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Full ILS | <input type="checkbox"/> Outer/Middle Marker | <input checked="" type="checkbox"/> Published Instrument Approach |
| <input checked="" type="checkbox"/> Localizer | <input type="checkbox"/> Other (specify) | |

PROJECT COST:

Federal amount requested:	<u>\$ 800,000</u>	
Total local cash financial contribution:	<u>\$ 50,000</u>	
Airport funds:	<u>\$ 50,000</u>	
Non-Airport funds:	<u>\$ 300,000</u>	
State cash financial contribution:	<u>\$ 0</u>	
Existing funds:	<u>\$ 0</u>	
New funds:	<u>\$ 0</u>	
Airport In-kind contribution:	<u>\$ 450,000</u>	<u>Terminal concession,</u>
(amount & description)		<u>Staff/Time/Promotion/Advertising</u>
Other In-Kind contribution:	<u>\$ 200,000</u>	<u>Advertising, Promotion, Awareness</u>
(amount & description)		<u>Campaign support</u>
Total cost of project:	<u>\$1,850,000</u>	

F. ENPLANEMENTS:

2000	<u>32,236</u>	2003	<u>8,089</u> (All Non-Scheduled Commercial Services)
2001	<u>22,633</u>	2004	<u>18,016</u> (All Non-Scheduled Commercial Services)
2002	<u>12,007</u>	2005	<u>6,722</u> (All Non-Scheduled Commercial Services)
		2006	<u>12,686</u>

G. IS THIS APPLICATION SUBJECT TO REVIEW BY STATE UNDER EXECUTIVE ORDER 12372 PROCESS?

- ☐ a. This application was made available to the State under the Executive Order 12372
Process for review on (date) -
- ☐ b. Program is subject to E.O. 12372, but has not been selected by the State for review.
- ☒ c. Program is not covered by E.O. 12372.

H. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DE BT? (IF "YES", PROVIDE EXPLANATION)

- ☒ No ☐ Yes (explain) _____